

COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA
New Orleans, Louisiana

Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 2003

December 31, 2003



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Albert J. Robinson, Jr., CPA

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COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA
New Orleans, Louisiana

Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 2003

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

December 31, 2003

**COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA**

Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 2003

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December 19, 2003

Independent Auditor's Report
on the Financial Statements

COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying special purpose (legal basis) financial statements of the the Court of Appeal, Fourth Circuit, a court within Louisiana state government, as of and for the year ended June 30, 2003. These financial statements are the responsibility of management of the Court of Appeal, Fourth Circuit. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1-B to the financial statements, the accompanying special purpose financial statements present only the funds of the Court of Appeal, Fourth Circuit. As such, they present the appropriated and non-appropriated activity of the court that are part of the accounts and fund structure of the State of Louisiana. The General Appropriation Fund reflects appropriated activity of the court that is part of the General Fund of the State of Louisiana. The non-appropriated fund is an individual fund of the State of Louisiana not subject to budgetary control. Furthermore, the special purpose financial statements have been prepared on a legal basis of accounting, the purpose of which is to reflect compliance with the annual appropriation act for the appropriated fund and the financial position of the non-appropriated fund. These procedures differ from accounting principles generally accepted in the United States of America as described in the notes to the financial statements. Accordingly, the accompanying special purpose financial statements are not intended to and do not present fairly the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

LEGISLATIVE AUDITOR

**COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA**

Audit Report, June 30, 2003

In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the balances within the appropriated and non-appropriated funds of the Court of Appeal, Fourth Circuit at June 30, 2003, and the transactions of such funds for the year then ended, on the basis of accounting described in note 1-D.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2003, on our consideration of the Court of Appeal, Fourth Circuit's internal control over financial reporting and our tests of its compliance with certain laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the court and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large, stylized initial "G".

Grover C. Austin, CPA
First Assistant Legislative Auditor

CDJ:ES:PEP:ss

[4CCA03]

**COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA
ALL APPROPRIATED AND NON-APPROPRIATED FUNDS**

Balance Sheet (Legal Basis), June 30, 2003

	APPROPRIATED FUND - GENERAL APPROPRIATION	NON- APPROPRIATED FUND - FEE ACCOUNT	TOTAL (MEMORANDUM ONLY)
ASSETS			
Cash and cash equivalents (note 2)	\$57,567	\$1,305,112	\$1,362,679
Receivables (note 3)		5,814	5,814
Interfund receivables		14,683	14,683
TOTAL ASSETS	<u>\$57,567</u>	<u>\$1,325,609</u>	<u>\$1,383,176</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$15,030		\$15,030
Payroll deductions payable	3,855	\$1,394	5,249
Interfund payables	14,683		14,683
Total Liabilities	<u>33,568</u>	<u>1,394</u>	<u>34,962</u>
Fund Equity - fund balance - reserved (note 8)	<u>23,999</u>	<u>1,324,215</u>	<u>1,348,214</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$57,567</u>	<u>\$1,325,609</u>	<u>\$1,383,176</u>

The accompanying notes are an integral part of this statement.

**COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA
ALL APPROPRIATED AND NON-APPROPRIATED FUNDS**

**Statement of Revenues, Expenditures,
and Changes in Fund Balances (Legal Basis)
For the Year Ended June 30, 2003**

	APPROPRIATED FUND - GENERAL APPROPRIATION	NON- APPROPRIATED FUND - FEE ACCOUNT	TOTAL (MEMORANDUM ONLY)
REVENUES			
Filing fees		\$168,604	\$168,604
Use of money and property - interest earnings	\$730	17,911	18,641
Total revenues	<u>730</u>	<u>186,515</u>	<u>187,245</u>
EXPENDITURES			
Appropriated expenditures:			
Personal services	4,162,446	173,283	4,335,729
Travel and conventions	120,783	2,558	123,341
Operating supplies and services	931,654	1,253	932,907
Capital outlay	139,144		139,144
Association dues	24,464	1,945	26,409
Non-appropriated expenditures -			
Judges' Supplemental Compensation Fund		14,484	14,484
Total expenditures	<u>5,378,491</u>	<u>193,523</u>	<u>5,572,014</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(5,377,761)</u>	<u>(7,008)</u>	<u>(5,384,769)</u>
OTHER FINANCING SOURCES (Uses)			
Operating transfers in		4,606	4,606
Operating transfers out	(4,606)		(4,606)
Transfers from Supreme Court	5,385,270		5,385,270
Total other financing sources (uses)	<u>5,380,664</u>	<u>4,606</u>	<u>5,385,270</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>2,903</u>	<u>(2,402)</u>	<u>501</u>
FUND BALANCES AT BEGINNING OF YEAR, RESTATED (note 10)	<u>21,096</u>	<u>1,326,617</u>	<u>1,347,713</u>
FUND BALANCES AT END OF YEAR	<u><u>\$23,999</u></u>	<u><u>\$1,324,215</u></u>	<u><u>\$1,348,214</u></u>

The accompanying notes are an integral part of this statement.

**COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended June 30, 2003

INTRODUCTION

The Court of Appeal, Fourth Circuit is a part of the State of Louisiana reporting entity, within the judicial branch of government. The court is provided for in Article V, Sections 8 through 13 of the Louisiana Constitution of 1974 and Sections 311 through 392 of Title 13 of the Louisiana Revised Statutes of 1950. The court's operations are funded through an annual lapsing appropriation made by the Louisiana Legislature and from self-generated revenues authorized by Louisiana Revised Statute (R.S.) 13:352. In addition to the fees mandated by R.S. 13:352 relative to appeals, applications for writs, motions filed on unlodged appeals and answers to appeals, the court, in compliance with Act 63 of the 1985 Session of the Louisiana Legislature and in conformity with the Judges' Supplemental Compensation Fund, charges an additional fee of \$17. The total amount collected in connection with the Judges' Supplemental Compensation Fund is remitted to the Judicial Administrator's Office of the Supreme Court of Louisiana.

The Court of Appeal, Fourth Circuit has appellate jurisdiction as authorized under Article V, Section 5 of the Louisiana Constitution, which encompasses the parishes of Orleans, St. Bernard, and Plaquemines. The Court of Appeal, Fourth Circuit has supervisory jurisdiction, subject to the general supervisory jurisdiction of the Supreme Court of Louisiana, over all lower courts in all cases in which an appeal would extend to the court of appeal. The Fourth Circuit is domiciled in New Orleans, Louisiana, and has 12 judges and 72 other employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. However, the accompanying financial statements have been prepared on a legal basis, which differs from accounting principles generally accepted in the United States of America as explained in the following notes.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The court is considered within the State of Louisiana reporting entity because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the state has control and exercises authority over budget

COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

matters; (2) state appropriations provide the largest percentage of total revenues; and (3) the court primarily serves state residents. The accompanying financial statements present information only as to the transactions of the court.

The accompanying financial statements represent activity of the court within the judicial branch of state government and, therefore, are a part of the fund structure of the State of Louisiana and its basic financial statements. Annually, the State of Louisiana issues basic financial statements, which are audited by the Louisiana Legislative Auditor.

C. FUND ACCOUNTING

The Court of Appeal, Fourth Circuit uses fund accounting, along appropriation lines, to reflect its compliance with provisions of the annual appropriation act and to reflect the financial position and results of operations of its non-appropriated funds. This differs from the fund accounting of accounting principles generally accepted in the United States of America where the intent is to measure the financial position and results of operations of the governmental reporting entity as a whole. Therefore, the funds within the accompanying financial statements have been divided between appropriated and non-appropriated funds and not by the conventional fund types of accounting principles generally accepted in the United States of America.

The funds do not include any noncurrent assets or liabilities. Noncurrent assets, capital assets, and long-term liabilities are reflected in the State of Louisiana's basic financial statements.

The funds presented in the special purpose financial statements are described as follows:

General Appropriation Fund

The General Appropriation Fund provides for the general administrative expenditures of the court.

Non-Appropriated Fund - Fee Account

The Fee Account is used to account for filing fees and other revenues received by the court as provided by R.S. 13:352. Expenditures incurred in excess of the amount appropriated by the legislature (General Appropriation Fund) are funded from this account.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The funds in the accompanying financial statements measure the resources provided by the legislature to fund current-year expenditures and the use of those resources by the court. This differs from accounting principles generally accepted

COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

in the United States of America in which the measurement focus would be to measure the flow of current resources.

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements, regardless of the measurement focus applied. The accompanying financial statements reflect revenues and expenditures in accordance with applicable statutory provisions and regulations of the Judicial Budgetary Control Board. These legal requirements differ from accounting principles generally accepted in the United States of America as follows:

1. Revenues are recognized to the extent that they have been appropriated and not necessarily when measurable and available.
2. Expenditures are recognized to the extent that appropriation authority has been extended to the court and not necessarily when the fund liability has been incurred.

Under the foregoing legal provisions, the court uses the following practices in recognizing revenues and expenditures:

Revenues

Self-generated revenues, including interest income, are recorded when earned.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Furthermore, any expenditure of a long-term nature for which funds have not been appropriated during the current year is not recognized in the accompanying financial statements.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) in the year the court is authorized to receive or make the transfers. In addition, transfers from the Supreme Court are included on the financial statements as other financing sources. The transfer from the Supreme Court is the portion of the Court of Appeal, Fourth Circuit's state General Fund appropriation, which is recognized in the amount appropriated, to the extent withdrawn from the state treasury.

COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include petty cash, demand deposits, and certificates of deposit. Under state law, the Court of Appeal, Fourth Circuit may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the court may invest in time certificates of deposit in state banks organized under the laws of the State of Louisiana, national banks having their principal offices in Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

F. LONG-TERM OBLIGATIONS

The court is not allowed by statute to incur bonded indebtedness and, therefore, no recognition within the accompanying financial statements is necessary. Furthermore, any long-term obligations of the court arising from lease commitments, judgments, compensated absences, or any other sources are not recognized in the accompanying special purpose financial statements.

G. BUDGET PRACTICES

The general appropriation made for the operations of the court is an annual lapsing appropriation. As provided by Act 53 of 2002, any funds therein allocated to the judiciary, any portion of the funds previously appropriated to the judiciary, or interest earnings on such appropriations are thereby appropriated and may be used to defray expense of the judiciary. All funds remaining unexpended and/or unencumbered must be returned to the state General Fund on or before September 1 of the succeeding fiscal year. However, Act 54 of 2003 reappropriated these funds to defray expenses of the judiciary for fiscal year 2003-2004, thereby eliminating the requirement to return the unexpended/unencumbered portion to the state General Fund on or before September 1.

The accompanying financial statements do not present a budgetary comparison because the appropriated fund is budgeted in lump sum and the non-appropriated fund is not subject to budgetary control. As provided by Act 53 of 2002, the Judicial Budgetary Control Board approved an original appropriation of \$5,385,270. There were no budget amendments.

H. JUDGES' SALARIES

The salaries of the judges are paid directly by the Supreme Court of Louisiana with warrants drawn on the state treasury and are not included in the expenditures of the accompanying financial statements.

COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

I. LEAVE BENEFITS

Law clerks and secretaries employed by a particular judge are employees of that judge. As such, they are subject to the leave benefit guidelines set forth by that particular judge. The clerk of court and central staff director are subject to the guidelines of the chief judge.

Employees for the Clerk of Court's office and the central staff are allowed 12 to 24 vacation days and 12 to 24 sick days each year depending on length of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. Act 343 of 1993 allows members of the Louisiana State Employees Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current-year expenditure in the General Appropriation Fund when leave is actually taken. The liability for unused annual leave payable at June 30, 2003, computed in accordance with the GASB Codification Section C60 is estimated to be \$195,807. This amount is not included in the special purpose financial statements.

J. TOTAL COLUMNS ON STATEMENTS

The total columns on the statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations. Neither are such data comparable to a consolidation.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents (book balances) totaling \$1,362,679 includes petty cash (\$100), demand deposits (\$856,793), and certificates of deposit (\$505,786). Cash and cash equivalents are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held in the court's name. The court has deposit balances at June 30, 2003, of \$1,477,028, which were secured as follows:

COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Bank Balances:			
a. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name (Category 1)	\$100,000	\$100,000	\$200,000
b. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name (Category 2)	<u>871,242</u>	<u>405,786</u>	<u>1,277,028</u>
Total Bank Balances	<u>\$971,242</u>	<u>\$505,786</u>	<u>\$1,477,028</u>

3. RECEIVABLES

The following is a summary of receivables for the Non-Appropriated Fund - Fee Account at June 30, 2003:

Filing fees	\$4,475
Copy fees	<u>1,339</u>
Total	<u>\$5,814</u>

4. PENSION PLANS

Substantially all employees of the court are members of the Louisiana Clerks Retirement and Relief Fund (LCRRF) and the Louisiana State Employees Retirement System (LASERS). The LCRRF and LASERS are statewide cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Both plans provide retirement, disability, and survivor's benefits to plan members and beneficiaries. Generally, full-time employees are eligible to participate in the retirement systems, with employee benefits vesting after 10 years of service. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Louisiana Clerks Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600. Benefits granted by LASERS are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

The contribution requirements of plan members and the court are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. Employees contribute 8.25% (LCRRF) and 7.5% (LASERS) of covered salaries. The state is required to contribute 10% of covered salaries to LCRRF and 14.1% of covered salaries to LASERS. The court's employer contributions to LCRRF for the years ended June 30, 2003, 2002, and 2001 were \$46,504, \$44,533, and \$41,538, respectively, and to LASERS for the years ended June 30, 2003, 2002, and 2001, were \$387,277, \$340,765, and \$309,018, respectively, equal to the required contribution for each year for each retirement system.

**5. POSTEMPLOYMENT HEALTH CARE
AND LIFE INSURANCE BENEFITS**

The court provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the court's employees become eligible for these benefits if they reach normal retirement age while working for the court. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the court. The court recognized the cost of providing these benefits (court's portion of premiums) as an expenditure when paid during the year, which totaled \$254,753 for the year ended June 30, 2003. The court's cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2003, the cost of retiree benefits totaled \$11,899, which was paid with state appropriated funds.

**6. JUDGMENTS, CLAIMS, AND
SIMILAR CONTINGENCIES**

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund or the state General Fund and are not reflected in the accompanying special purpose financial statements. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's self-insurance program.

7. LEASE OBLIGATIONS

The court has no capital lease agreements for the fiscal year ended June 30, 2003.

Operating lease agreements, if any, have non-appropriation exculpatory clauses that allow lease cancellation if the legislature does not make an appropriation for its continuation during any future fiscal period. Total operating lease expenditures for fiscal year 2002-2003 amounted to \$455,510.

COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA
Notes to the Financial Statements (Concluded)

Operating leases are all leases that do not meet the criteria of a capital lease. Operating leases for office space annual rental payments for the next five fiscal years are presented in the following schedule.

<u>Nature of lease</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>
Office Space	<u>\$413,161</u>	<u>\$14,400</u>	<u>\$14,400</u>	<u>\$14,400</u>	<u>\$14,400</u>

8. RESERVED FUND BALANCES

As shown on Statement A, the Court of Appeal, Fourth Circuit has reserved fund equity in the Appropriated Fund of \$23,999. These funds may be retained and used to defray the expenditures of the court as allowed by Act 54 of 2003.

The Non-Appropriated Fund - Fee Account has a reserved fund balance totaling \$1,324,215 that is reserved for continuing operations and may be retained and used to defray expenditures of the court as prescribed by R.S. 13:352.

9. DEFERRED COMPENSATION PLAN

Certain employees of the court participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the separately issued audit report from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

10. RESTATEMENT OF BEGINNING FUND BALANCES

The beginning fund balance of the Appropriated Fund has been restated on Statement B. No fund balance was previously reported for the year ended June 30, 2002. This has been restated to report a transfer from the Supreme Court for the year ended June 30, 2002, in the amount of \$21,096, which was received in the year ended June 30, 2003.

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on compliance with laws and regulations and on internal controls over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



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December 19, 2003

Report on Compliance and on Internal Control Over Financial Reporting
Based Solely on an Audit of the Financial Statements
Performed in Accordance With *Government Auditing Standards*

COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the special purpose (legal basis) financial statements of the Court of Appeal, Fourth Circuit as of and for the year ended June 30, 2003, and have issued our report thereon dated December 19, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Court of Appeal, Fourth Circuit's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Court of Appeal, Fourth Circuit's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

LEGISLATIVE AUDITOR

**COURT OF APPEAL, FOURTH CIRCUIT
STATE OF LOUISIANA**

Compliance and Internal Control Report

December 19, 2003

Page 2

This report is intended solely for the information and use of the court and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large, stylized initial "G".

Grover C. Austin, CPA
First Assistant Legislative Auditor

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[4CCA03]